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August 19, 2009

HEALTH CARE UPDATE



Congressman Michael E. McMahon speaking to Neera Tandem, Senior Advisor to Department of Health and Human Services Secretary Kathleen Sebelius, and members of the 13th District's health and medical community.

On July 27, 2009, I hosted a Congressional Forum on Health Care Reform with over 30 health care and community representatives from the local hospitals and medical associations in our district. Also in attendance were Neera Tandem, Senior Advisor to Secretary Sebelius at the United States Department of Health and Human Services and representatives from city and state agencies. While our doctors and representatives expressed their concerns over certain issues with reform, they also expressed their many and varied ideas on how we can reform health care for the better in this country.

On June 15, 2009, I hosted a health care tele-town hall with over 7,900 people from our district on the line. If you were unable to participate, you can [listen to the entire town hall](#) on my website.

In an effort to solicit input from constituents on this important issue, my website is currently hosting an online [Health Care Journal](#). I have already received over a

Important Information for You and Your Family

THE HEAT IS ON

Even though the summer is winding down, daily temperatures are hitting close to or above 90 degrees. It is important for New Yorkers to take steps to stay cool as extended exposure to elevated temperatures can lead to heat cramps, exhaustion and dehydration. The New York City Office of Emergency Management has plenty of great tips for [KEEPING YOU COOL](#), so you can safely enjoy the last days of summer.

BACK TO SCHOOL CHECK-UPS

As summer vacations come to an end, students are readying themselves for the start of a new school year. Routine exams and screenings can help you prevent, identify and treat your children's health problems when they arise. Visit the [FEDERAL CITIZEN INFORMATION CENTER](#) for information on how your child can get a healthy head start on the new school year.

PROTECT YOUR FAMILY FROM THE FLU

The Center for Disease Control is calling on all Americans to be proactive in the fight against the flu. These [IMPORTANT TIPS FOR PREVENTING FLU INFECTION](#) will help ensure that you and your family enjoy a healthy fall and winter.

hundred submissions and encourage you to participate if you haven't yet.

These are just some of the many ways I am reaching out to members of our community for their opinions on health care reform. Both the House and the Senate will continue debating this issue once Congress resumes after Labor Day. In the meantime, I want to provide you with some information on my beliefs and concerns, as well as shed some light on the current draft of the health care bill.

The Status Quo of Our Healthcare System Is Not Working

Despite the hard work every day by our doctors, nurses, hospital administrators, clerks and orderlies, we still need to make vital changes to our health care system. America is blessed with some of the best doctors and hospitals in the world, but we need better preventative care and more primary care physicians and nurses.

Many Staten Islanders and Brooklynites are happy with their health care and are frightened about the unknown associated with reform. I understand that concern, but what we do know for certain is that continuing the status quo will bankrupt our families, our businesses and our government budgets. Health care premiums have risen 3 times faster than wage growth since 2001, and it is estimated that soon we will be spending 1 out of every 5 dollars on health care.

Health care costs are making our businesses less competitive. In fact, our small businesses pay health care costs that are almost 18% higher than costs for larger employers. Health care costs are also straining family budgets. It is estimated that more than 70% of bankruptcies in the US are health care related.

These spiraling health care expenses are depressing wages and forcing many employers to simply drop coverage for their employees altogether, with 14,000 people losing health care coverage everyday. In these uncertain times, if you lose your job there is no guarantee that you can keep your coverage and COBRA is extremely expensive.

Currently, 47 million Americans are without health care coverage. Uninsured people often seek health care at emergency rooms, thereby driving up the cost for everybody else as the government must subsidize hospitals for emergency care.

One thing is crystal clear: the need for health care reform is urgent and indisputable. However, I will not vote for a bill that changes our health care system merely for the sake of change. I am looking at the draft bill, and will

RISE AND SHINE

Many of us cut back on sleep in order to meet ever-increasing work, school, family or household responsibilities. A number of vital tasks carried out during sleep help maintain good health and enable you to function at your best. Take a few moments to read the [DEPARTMENT OF HEALTH AND HUMAN SERVICES GUIDE TO HEALTHY SLEEP](#). You'll thank yourself in the morning.

You can follow my work in Congress on:



continue to engage in the health care debate, with an eye towards the best and most effective policies for our district and our country. Anything else I will not support.

Reforming Health Care Is Too Important – We Need To Get It Right

Since the health care debate began, I have been working on a number of issues to improve the draft health care bill. I opposed taxing employer-sponsored health plans in a July 9, 2009 letter to Senate Finance Committee Chairman Max Baucus. I joined with twenty of my colleagues in a July 16, 2009 letter to House Speaker Nancy Pelosi opposing a proposed surcharge on high-income citizens and a potential payroll tax. I have also been a vocal opponent to Disproportionate Share Hospital (DSH) cuts to New York City hospitals.

Clearing-Up Misconceptions About H.R. 3200, America's Affordable Health Choices Act of 2009

Currently, there is no final health care bill and the proposed provisions are constantly changing. While I cannot tell you what a final bill will or will not include, I can highlight some of the provisions in the draft bill and address some common misconceptions.

I've read H.R. 3200, which was introduced on July 14, 2009, and I am currently reviewing the changes that have been made since. The draft bill proposed on July 14th has been marked-up by the three committees in the House of Representatives: Energy and Commerce, Ways and Means and Education and Labor. You can read a copy of [H.R. 3200, as introduced on July 14th](#), as well as the [mark-ups from the three House Committees](#) on my website.

Despite certain media reports to the contrary, it is the goal of the 111th Congress to make health care more affordable and more accessible for everyone and give all Americans the peace of mind that their health care will never be taken away. We are aiming for a uniquely American solution that is patient-centered and will preserve every citizen's right to choose their doctor and insurance plan.

CURRENT VERSION OF H.R. 3200:

Health Care Insurance Market Reforms – beginning 2013

- Prohibits insurance companies from engaging in discriminatory practices.
- Eliminates the ability of insurance companies to charge higher rates due to status of health, gender or other factors. Premiums can only vary on age, geography and size of family.
- Insurance companies cannot exclude coverage based on pre-existing conditions.

- Maintains integrity of current employer provided plans, Medicare, Medicaid, Vets Healthcare, TRICARE.
- Protects the choice to keep current coverage.

New Insurance Marketplace

- New Health Insurance Exchange (Exchange) establishes a marketplace whereby individuals without coverage and small business employers can obtain and compare coverage in understandable terms.
- Both private insurance plans and the public option will be included in the Exchange.

Public Option in Exchange – beginning 2013 (for individuals without coverage only)

- Federally operated alternative to private insurance.
- Competes on a level playing field against private plans.
- Is designed to introduce increased competition into the insurance market.

Health Choices Administration

- New agency called the Health Choices Administration (HCA) will establish qualified plan standards, operate the Exchange and administer the affordability credits. (See "Affordability" below)

Coverage

- Requires qualified plans to meet minimum coverage standards prescribed by the HCA.
- Plans within the Exchange must meet the specified benefit packages, which include a tier with offerings of additional benefits.

Affordability

- Affordability credits (available through the Exchange) will be made available to people with an income of up to 400% (4x) of the federal poverty level, which equals almost \$90,000 for a family of 4.
- These credits aim to reduce the costs of premium and annual out-of-pocket expenses.
- There will be a cap on annual out-of-pocket medical expenses - \$5,000 for individuals, \$10,000 for families.
- There are no annual lifetime limits for coverage, so people will not have to go bankrupt if they get a debilitating illness.

Pay or Play Requirement: Employer Mandate

- If an employer does not provide coverage to their employees by 2013, they must pay a fine which is 8% of their payroll.
- The dollars accumulated from this fine will be contributed to a health care trust fund, which will ultimately help pay for health care costs.
- Under this provision, the fine is lower for a small business meeting certain income criteria:

- If the small business' annual payroll does not

- exceed \$250,000, it is fully exempt from this fine.
- Between \$250,000 and \$300,000, a 2% fine is imposed.
- Between \$300,000 and \$350,000, a 4% fine is imposed.
- Between \$350,000 and \$400,000, a 6% fine is imposed.

Proposed "Pay-fors"

- End waste, fraud and abuse in Medicare and Medicaid programs.
- Estimated total reductions in federal health care spending by approximately \$500-600 billion over 10 years.
- Cuts over-payments to the Medicare Advantage program, saving \$156 billion over 10 years.
 - o The top 1.2% of this country's earners – households with adjusted gross income in excess of \$350,000 (married filing a joint return) and \$280,000 (single) – to contribute to financing the cost of reform.
- 1% surcharge for \$350,000-\$500,000 (married filing jointly) and \$280,000-\$400,000 (single)
- 1.5% surcharge for \$500,000-\$1,000,000 (married filing jointly) and \$400,000-\$800,000 (single)
- 5.4% surcharge for \$1,000,000+ (married filing jointly) and \$800,000+ (single)

DEBUNKING MYTHS ABOUT H.R. 3200

1. You can keep your own insurance: It's a myth that reform will force you out of your current insurance plan or force you to change doctors. To the contrary, reform will expand your choices, not eliminate them.
2. Your Medicare is safe and stronger with reform: It's a myth that health insurance reform would be financed by cutting Medicare benefits. To the contrary, reform will improve the long-term financial health of Medicare, ensure better coordination, eliminate waste and unnecessary subsidies to insurance companies and help make prescription drugs more affordable for seniors.
3. There is absolutely nothing in the bill that would lead to rationing of care: H.R. 3200 provides funding for research that will help doctors make decisions about which treatments will be most effective for patients. It does not require doctors to use the findings, nor does it require insurance companies to make coverage decisions based on the findings. This research, instead of rationing care, will lead to better care for patients.
4. Reform will stop current insurance coverage "rationing": It's a myth that reform will mean a "government takeover" of health care or lead to

"rationing." To the contrary, reform will forbid many forms of rationing that are currently being used by insurance companies.

5. Reform would not encourage "euthanasia": It's a malicious myth that reform would encourage or even require euthanasia for seniors. For elderly citizens who want to consult with their physicians about end-of life decisions, Medicare will help to cover the cost of these voluntary, private consultations to address these personal and difficult family decisions.

6. Our veterans' health care is safe and sound: It's a myth that health insurance reform will affect veterans' access to the care they get now. To the contrary, the President's budget significantly expands coverage under the VA, extending care to 500,000 more veterans who were previously excluded. The VA Healthcare system will continue to be available for all eligible veterans.

7. Reform will benefit small business - not burden it: It's a myth that health insurance reform will hurt small businesses. To the contrary, reform will ease the burdens on small businesses, provide tax credits to help them pay for employee coverage and help level the playing field with big firms who pay much less on average to cover their employees.

8. The government will not do anything with your bank account: It is an unfounded myth that the government will be in charge of your bank accounts. Health insurance reform will simplify administration, making it easier and more convenient for you to pay bills in a method that you choose. Just like paying a phone bill or a utility bill, you can pay by traditional check or by a direct electronic payment. And forms will be standardized so they will be easier to understand. The choice is up to you and the same rules of privacy will apply as they do for all other electronic payments that people make.

I hope you find this e-Newsletter helpful. As the debate on this important issue continues in Congress, please share your thoughts and experiences with me by visiting the [Health Care Journal](#) on my website.



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